
EXPLANATORY NOTE

(This note is not part of the Order)

Sections 1(6) and 257C(3) of the Income and Corporation Taxes Act 1988 (“the Act”) operate to provide that the Treasury shall by order made by statutory instrument before 6th April 1997 specify the amounts which by virtue of those sections shall, unless Parliament otherwise determines, be treated as specified for the year 1997 – 98. These are the lower rate and basic rate limits (section 1 of the Act) and the personal and married couple’s allowances (sections 257 and 257A of the Act respectively).

This Order specifies the relevant amounts for the 1997 – 98 year of assessment.

The amounts of the lower rate and basic rate limits were specified for the year 1996 – 97 by section 72(2) of the Finance Act 1996.

For the year 1996 – 97, the relevant amounts for the purposes of subsections (1), (2), and (3) of section 257 of the Act were specified by section 74 of the Finance Act 1996. The relevant amounts for the purposes of sections 257(5) and 257A of the Act were specified by the Income Tax (Indexation) Order 1995 (S.I. [1995/3031](#)).

Following the amendments to sections 1(4) and 257C(1) of the Act made by section 107(1) to (3) of the Finance Act 1993, the amounts in sections 1, 257 and 257A(5) of the Act are increased by this Order in accordance with the percentage increase in the retail prices index for September 1996 over that for September 1995. Certain of the amounts have been rounded up to the nearest £100 in accordance with sections 1(4) and 257C(1)(a) of the Act and, in the case of the other amounts, the increases have been rounded up to the nearest £10 in accordance with section 257C(1)(b) of the Act.

The “retail prices index” is defined in section 833(2) of the Act, as amended by paragraph 5 of Schedule 2 to the Transfer of Functions (Economic Statistics) Order 1989 (S.I. [1989/992](#)), as the “general index of retail prices (for all items) published by the Central Statistical Office of the Chancellor of the Exchequer”. (The Central Statistical Office is now known as the Office for National Statistics.) The retail prices index for September 1995 is 150.6 and for September 1996 153.8 (based on January 1987 as 100) (see Table 3.1 on page T26 of the October 1996 issue (No. 516) of Economic Trends, a publication of the Government Statistical Service).